

DEPARTMENT OF INSURANCE**Legal Division**

45 Fremont Street, 24th Floor
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**Guidance 1163: 7**

Final release date: June 29, 2012

Pursuant to Senate Bill 1163 (Chapter 661, Statutes 2010), the California Department of Insurance issues the following guidance regarding compliance.¹ Further guidance may be forthcoming in the future.

Section A: Policies Sold Through Associations to Individuals

A health insurance policy marketed through an association to individuals by means of direct response solicitation is a "mass-marketed policy," as described in Insurance Code section 10293, and is also a policy "issued on a mass underwriting basis" as described in title 10, California Code of Regulations section 2222.11(c). As described in section 2222.11(c), policies issued on a mass underwriting basis are individual policies issued to members of a group of individuals, such as members of an association. Rate increases for such policies which, but for the sale through the association, would be individual policies, must be filed with the Department in compliance with Insurance Code 10181.3.

Section B: Draft Guidance 1163:5, Large Group Rate Filing

Guidance 1163:5, issued in draft on April 16, 2012, is withdrawn.

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Senate Bill 1163 provides, at Insurance Code section 10181.2, that Article 4.5 (Insurance Code section 10181 *et seq.*) does not

apply to a specialized health insurance policy; a Medicare supplement policy subject to Article 6 (commencing with Section 10192.05); a health insurance policy offered in the Medi-Cal program (Chapter 7 (commencing with Section 14000) of Part 3 of Division 9 of the Welfare and Institutions Code); a health insurance policy offered in the Healthy Families Program (Part 6.2 (commencing with Section 12693)), the Access for Infants and Mothers Program (Part 6.3 (commencing with Section 12695)), the California Major Risk Medical Insurance Program (Part 6.5 (commencing with Section 12700)), or the Federal Temporary High Risk Pool (Part 6.6 (commencing with Section 12739.5)); a health insurance conversion policy offered pursuant to Section 12682.1; or a health insurance policy offered to a federally eligible defined individual under Chapter 9.5 (commencing with Section 10900).

Accordingly, the above guidance does not apply to the types of insurance listed in Insurance Code section 10181.2.